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as a basis of action against the management in the civil or even the criminal courts, but none of these methods is available except in cases of extreme neglect or misbehavior on the part of the corporation officials or directors. Most of the legislation on the subject of corporation control which provides heavy penalties for misbehavior on the part of corporation officials is only a confession of ignorance on the part of the law-givers as to how to deal with the problem.

The author's solution is to secure information by means of an independent audit of corporation accounts by a central bureau of accounting, in order that the information thus secured may be placed before the general meeting of stockholders. This would enable the minority to make use of rights already guaranteed to them to carry their complaints against a careless or unfair management into the courts. The author offers this proposed reform merely as a basis for further discussion, and he does not develop the details. He asserts that the main purpose of his work has been to analyze and explain the nature of corporate undertakings and he leaves to others the task of framing a systematic plan of reform. Viewed in this light, perhaps the main criticism which can be directed against his work is that it tends to emphasize the faults and to neglect the merits of the corporation as a form of industrial undertaking.

Another criticism from the standpoint of the English or American reader would be that the cumbersome German style is to be found in this monograph at nearly its worst.

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*Die Wertzuwachssteuer, ihre bisherige Gestaltung in der Praxis und ihre Bedeutung für die Steuerpolitik der Gemeinden.* By Dr. BOLDT, Tax-commissioner in Dortmund. (Dortmund: W. Crüwell, 1908. Pp. 140. 2 m.)

The rapid growth of cities in Germany has had two results of peculiar interest to the revenue departments of those cities. One is the increase in the cost of running the cities, the other is the increase in land values. To forge a link between these two, and

to make the latter contribute to the former, has been a congenial task for the city fathers and for their assisting revenue officials. When the little book, under review, was written the author was able to name some twenty German cities, or more or less independent suburbs, in which the taxation of the increase in land values had already been established. He concludes his enumeration with the statement, "The introduction of the tax on the increase of land values on the docket in many other communities." While the author traces the beginnings of this tax to the German concession in China, *Kiautschou*, where it was introduced in 1898, he says that it was not until 1904 that it was adopted in Frankfort, the first German city to make the experiment. The whole movement is very young.

The author of this little book is one of the tax officials of the city of Dortmund. It appears that he has not only had a hand in the introduction of this tax in his home city, but has been an adviser in the framing of ordinances of a similar intent in other cities. As a result the book is full of practical and concrete suggestions. The author writes the more interestingly, in that he still seems to feel the heat of the discussions which waged over the introduction of the new taxes, and he revoices triumphantly the arguments with which the opposition was downed. The main purpose of the book, however, is not to present a history of the new tax, but to expound its principles and to present plans for its successful administration.

In principle this new municipal tax is a simple application of the faculty theory. Street and other railways, together with other agencies, have extended city limits and greatly enhanced land values in the outlying suburban districts, and by extending the area tributary to the central business sections have also enhanced land values there. These enhanced values clearly represent new ability to pay taxes, and are not adequately covered by any of the existing taxes. The argument is essentially fiscal. The city says to the landowners, more money is needed and you can afford to pay, therefore, you must pay. Much is said in this little book about the "unearned" increment, and much about the relative social services, merits and demerits of various classes of business and kinds of speculation, as compared with the implied demerits of the landowner who sleeps but to waken to enormous profits,

("die im Schläfe erzielten höchsten Konjunkturgewinne"). Too much, perhaps, is said of the high social position and wealth now attained by the peasant families who originally owned the outlying lands; some of this seems to smack of envy. These are mere echoes of the campaign-arguments for popular consumption. They have not been allowed to affect any of the ordinances adopted, and the author himself is too hard headed a tax collector to allow them to affect his recommendations. There is nothing that smacks of Henry George's single tax in either. The rights of the individual to the "unearned" increment is most sacred in both.

These taxes may be levied: (1) when a transfer takes place and the increment of value is shown; or (2) at stated intervals on the basis of a valuation. The first is called indirect, the second direct. Although the tax varies from city to city, the following generalization is substantially safe. The taxable increment is usually that amount of the selling price which is in excess of all costs, plus the ordinary profits and interest on the actual investment. The rates are progressive with the percentage of taxable increment to original cost, etc., but the highest rate is 25 per cent when the increment is over 100 per cent. The taxes are of too recent establishment for us to learn much from experience, but the figures available give the following hints. In Dortmund only 68 out of 265 transfers were taxable. The average tax rate in the case of lands with buildings thereon was 0.56 per cent of the selling price, and 4.09 per cent of the total increment of value, the average rate in the case of vacant lands was 11.84 per cent of the selling price and 14.35 per cent of the total increment of value. These figures show no tendency to confiscation of ground rent, and confirm the author's judgment that these taxes are not likely to suppress any legitimate land speculation nor to drive capital into other channels.

The detailed recommendations of Dr. Boldt are worthy of careful consideration. It is interesting to note, as significant of the widespread interest in these recent experiments, that the bibliography in the book, which covers German writings only, contains twenty-three titles by fifteen different authors.

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